

APPENDIX

That portion of the Indiana statute, Ch. 95, Acts of the Indiana General Assembly of 1909, essential to a decision of the questions presented by this petition, is as follows:

“Sec. 5. From and after July 1, 1909, no policy of life insurance shall be issued or delivered in this state or be issued by a life insurance company organized under the laws of this state, unless the same shall provide the following:

(7) A table showing in figures the loan values and the cash, paid-up and extended insurance options upon surrender, or available under the policy each year, upon default in premium payment, during at least the first twenty years of the policy, beginning not later than the end of the third policy year, which values shall be equal to the full reserve on the policy, less not to exceed two and one-half per centum of the sum insured; following this table there shall be a clause specifying the mortality table and rate of interest adopted for computing the reserve and specifying the basis for the values and options after the period covered by the table. * * *

(9) That after three full years' premiums shall have been paid, the company, at any time, while the policy is in force, will loan, on the execution of a proper assignment of the policy, and on the sole security thereof, at a specified rate of interest, a sum equal to, or at the option of the insured, less than the amount stated in the table of options to be loaned at the end of the current policy year plus the value of the reserve on any dividend additions to the policy, and that the company will deduct from such loan value any existing indebtedness on or secured by the policy and any unpaid balance of the premium for the current policy year, and may collect interest in advance on the loan to the end of the current policy year; and

may further provide that such loan may be deferred for not exceeding six months after the application therefor is made. It shall be further stipulated in the policy that failure to repay any such loan or pay interest thereon shall not avoid the policy unless such total indebtedness to the company shall equal or exceed such loan value at the time of such failure, nor until 30 days after notice shall have been mailed by the company to the last known address of the insured and to the assignee, if any, if such assignee has notified the company of his address. No condition other than as herein provided shall be exacted as a prerequisite to any such loan. This provision shall not be required in term policies nor shall it apply to paid-up insurance issued or granted in exchange for lapsed or surrendered policies.

(10) That in the event of the default of premium payment after premiums have been paid for not less than three years, the insured shall be entitled to the extended insurance shown in the table of values and options for the end of the last year for which full annual premiums shall have been paid: Provided, That any unpaid note given for premium and any existing indebtedness to the company on account of or secured by the policy shall reduce the amount or term of such extended insurance in the ratio of such indebtedness to the net value of such extended insurance:"

(11) That, should there have been default in premium payment, and the value of the policy applied to the extension of the insurance, and such insurance be in force and the original policy not surrendered to the company and cancelled, the policy may be reinstated within three years from such default, upon evidence of insurability satisfactory to the company and payment of arrears of premiums with interest."

"Sec. 6. No policy of life insurance shall hereafter be issued or delivered in this state, or be issued by a

life insurance company organized under the laws of this state, if it contain any of the following provisions:

(3) That in the event of the maturity of any policy after the expiration of the contestable period thereof, for any mode of settlement at maturity of less value according to the company's published rates therefor then in use, than the amount insured under the policy, plus dividend additions, if any, less any indebtedness to the company on account of or secured by the policy and less any premium that may, by the terms of the policy be deducted.

(4) For the forfeiture of the policy for failure to repay any loan on the policy, or to pay interest on such loan while the total indebtedness on the policy is less than the loan value thereof; or any provision for forfeiture for failure to repay any such loan or to pay interest thereon, unless such provision contain a stipulation that no such forfeiture shall occur until at least thirty days after notice shall have been mailed by the company to the last known address of the insured and to the assignee, if any, if such assignee has notified the company of his address."

Subsection 10 above was amended by Acts of 1925, Ch. 195, Sec. 5, p. 466; Burns Ind. Statutes 1933, Sec. 39-801, and as amended reads as follows:

"* * * Provided, That if there be any unpaid note given for a premium or any indebtedness to the company on account of or secured by the policy, the amount of extended insurance shall be reduced in the ratio of such indebtedness to the net value of such extended insurance; or, the amount of such indebtedness shall be deducted from the net value of the extended insurance otherwise available and the balance shall be applied as a net single premium to purchase extended insurance for an amount equal either to the face of the policy or to the face of the policy less the amount of such indebtedness."

